

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (2/18):**

BUTTER: Grade AA closed at \$0.9100. The weekly average for Grade AA is \$0.8933 (-.0117).

CHEESE: Barrels closed at \$1.1000 and blocks at \$1.1100. The weekly average for barrels is \$1.0960 (+.0160) and blocks, \$1.1080 (-.0020).

NONFAT DRY MILK: Extra Grade and Grade A closed at \$1.0300. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0300 (N.C.).

BUTTER: The butter market tone is unsettled. Recent cash trading weakness and then midweek firmness is giving cause for question among the butter industry. Producers and handlers are once again questioning whether price firmness is being influenced by factors other than supply/demand. Churning schedules are seasonally active. Cream supplies are readily available to most butter operations. Butter stocks are running well ahead of last year at this time and much heavier than two years ago. Buying interest for both bulk and print butter is fair at best. For the most part, orders continue to be placed only for near term needs.

CHEESE: The cheese market is unsettled to weak. Heavy milk and cheese production continue to stymie cheese producers trying to move additional volumes. Current cheese interest is generally fair at best. Buyers are often taking the approach that prices likely have limited chance for a significant increase for the short term unless a major problem develops, therefore there is little incentive to purchase ahead.

FLUID MILK: Milk production continues to increase through most, if not all, of the country. Milk supplies are seasonally long and manufacturing plants are operating on heavy seasonal schedules. Milk supplies continue to be shipped from Florida and the Southeast for manufacturing. Cream supplies are ample and offerings to churns remain heavy. Increasing fuel prices are affecting farm procurement and finished product costs.

DRY PRODUCTS: The whey, buttermilk and NDM markets remain weak and offerings are heavy. Domestic interest is spotty, generally as needed. Export interest is aiding whey movement for some producers. Overall, whey production schedules remain seasonally heavy. NDM output remains heavy and CCC purchases of NDM continue. The WPC market is firm, aided by export interest and as a cheaper protein alternative to NDM. Some WPC plants are in balance with some sold out until March. The lactose market is steady with feed interest stimulating some spot sales. Some export inquiries are going unsatisfied due to tight supplies.

CCC: Net purchases for the week of February 14 - 18, totaled 11,358,551 pounds of nonfortified NDM and 235,694 pounds of fortified NDM from the

West and Midwest.

FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS): Under the new federal milk order reform pricing system, the base price for Class I milk for March 2000 is \$10.84. The March Class I base price is \$0.13 higher than the February Class I base price. This price is derived from the advanced Class IV skim milk pricing factor of \$7.71 and the advanced butterfat pricing factor of \$0.9713 per pound. Class I differentials specific to each order are added to the base price to determine the Class I price. The Class II skim milk price for March is \$8.41 and the Class II nonfat solids price is \$0.9344 per pound. The two-week product price averages are: butter \$0.9105, nonfat dry milk \$1.0104, cheese \$1.1084, and dry whey \$0.1800.

MILK SUPPLY AND DEMAND ESTIMATES (WAOB): Milk production in 1999/2000 is forecast slightly higher this month due to higher milk per cow. Net CCC removals of nonfat dry milk are increased and the BFP/Class III price is lowered by 20 - 40 cents, reflecting weakness in product prices.

JANUARY MILK PRODUCTION (NASS): Milk production in the 20 major states during January totaled 12.2 billion pounds, 553 million pounds (4.7%) above production in these same states in January 1999. December revised production, at 11.9 billion pounds, was 457 million pounds (4.0%) above December 1998. Production per cow in the 20 major states averaged 1,576 pounds for January, 58 pounds (3.8%) above January 1999. The number of cows on farms in the 20 major states was 7.76 million head, up 69,000 head (0.9%) from January 1999 and up 6,000 from December 1999. Total U.S. milk production for 1999 was 162.711 billion pounds, up 5.363 billion pounds (3.4%) from 1998.

NOVEMBER MAILBOX MILK PRICES (AMS): In November 1999, mailbox milk prices reported for selected Federal milk orders averaged \$14.17 per cwt., \$.53 less than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$15.00, down \$.20; Southeast, \$17.14, up \$.02; Midwest, \$13.47, down \$.83 and West, \$13.29, down \$.63. Compared to November 1998, mailbox milk prices on average decreased \$3.30 per cwt.

DECEMBER FLUID MILK SALES HIGHLIGHTS (AMS): During December, sales of fluid milk products in comparable Federal milk order marketing areas and California were 0.4% above the previous year and 1.2% above November 1999 on an adjusted daily average basis. Sales of whole milk products were 1.1% above the previous year; sales of fat-reduced milk products were 0.2% above the previous year. Total fluid milk sales for 1999 were 0.7% higher than the previous year.

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY FEBRUARY 14	TUESDAY FEBRUARY 15	WEDNESDAY FEBRUARY 16	THURSDAY FEBRUARY 17	FRIDAY FEBRUARY 18	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.0800 (N.C.)	\$1.1000 (+.0200)	\$1.1000 (N.C.)	\$1.1000 (N.C.)	\$1.1000 (N.C.)	(+.0200)	\$1.0960 (+.0160)
40# BLOCKS	\$1.1100 (N.C.)	\$1.1050 (-.0050)	\$1.1100 (+.0050)	\$1.1050 (-.0050)	\$1.1100 (+.0050)	(N.C.)	\$1.1080 (-.0020)
NONFAT DRY MILK							
EXTRA GRADE	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
GRADE A	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
BUTTER							
GRADE AA	\$.8750 (-.0050)	----	\$.8950 (+.0200)	----	\$.9100 (+.0150)	(+.0300)	\$.8933 (-.0117)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, FEBRUARY 14, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0800; 1 CAR 40# BLOCKS @ \$1.0900; OFFERS UNCOVERED: 2 CARS 40# BLOCKS @ \$1.1100

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 5 CARS GRADE AA: 4 @ \$0.8800, 1 @ \$0.8750; BIDS UNFILLED: 6 CARS GRADE AA: 1 @ \$0.8750, 1 @ \$0.8700, 1 @ \$0.8600, 3 @ \$0.8500; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$0.8900, 1 @ \$0.9000

TUESDAY, FEBRUARY 15, 2000

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.1050; BIDS UNFILLED: 2 CARS BARRELS: 1 @ \$1.1000, 1 @ \$1.0500; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.1100, 1 @ \$1.1200

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, FEBRUARY 16, 2000

CHEESE -- SALES: 3 CARS BARRELS @ \$1.1000; 4 CARS 40# BLOCKS: 2 @ \$1.1050, 2 @ \$1.1100; BIDS UNFILLED: 2 CARS BARRELS: 1 @ \$1.0800, 1 @ \$1.0500; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.1150, 1 @ \$1.1200

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: NONE; BIDS UNFILLED: 18 CARS GRADE AA: 1 @ \$0.8950, 1 @ \$0.8925, 1 @ \$0.8900, 1 @ \$0.8875, 2 @ \$0.8775, 3 @ \$0.8750, 1 @ \$0.8675, 2 @ \$0.8650, 2 @ \$0.8600, 2 @ \$0.8550, 2 @ \$0.8500; OFFERS UNCOVERED: NONE

THURSDAY, FEBRUARY 17, 2000

CHEESE -- SALES: 4 CARS BARRELS @ \$1.1000; 2 CARS 40# BLOCKS @ \$1.1050; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0925; 1 CAR 40# BLOCKS @ \$1.1000; OFFERS UNCOVERED: 3 CARS 40# BLOCKS: 1 @ \$1.1100, 1 @ \$1.1150, 1 @ \$1.1200

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, FEBRUARY 18, 2000

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.1100; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 4 CARS 40# BLOCKS: 2 @ \$1.1100, 1 @ \$1.1150, 1 @ \$1.1200

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: NONE; BIDS UNFILLED: 9 CARS GRADE AA: 1 @ \$0.9100, 1 @ \$0.9050, 2 @ \$0.8950, 2 @ \$0.8850, 2 @ \$0.8800, 1 @ \$0.8750; OFFERS UNCOVERED: NONE

BUTTER MARKETS**NORTHEAST**

The market tone remains unsettled. Through February 14, prices at the CME have fallen for the past five trading sessions. Production levels are steady to heavier in the East and excess cream continues to move to Midwestern churning facilities. Bulk and print offerings are more than ample for the current, slow demand. There is little interest in making purchases beyond replacement/immediate needs. Few buyers see little need to buy too far ahead. Most think prices could move lower and they see no shortage of butter during the first half of the year. Bulk movement is slow and still in the range of 3-5 cents over the CME price/average. Retail and food service orders are generally fair.

CENTRAL

The butter market tone is mixed. Recent cash trading weakness and then midweek firmness is giving cause for question among the butter industry. Producers and handlers are once again questioning whether price firmness is being influenced by other factors rather than supply/demand. Churning schedules are seasonally quite active. Cream offerings remain readily available to local butter operations from regular and out of area sources. Butter makers were more willing to take advantage of the additional offerings during the past week or so due to more favorable pricing.

Some butter producers feel that cream offerings might start to become more competitive as production of cream based products for the upcoming Lenten season resumes. At this time, butter stocks are more than readily available for buyer interest. Even as cash prices weakened, most orders continued to be placed for short term or immediate needs.

WEST

Buyers seem to be less aggressive in looking for both bulk and prints at this time. Some sellers are adjusting prices lower in an attempt to keep product moving. They are generally having some success in doing this. Current prices for bulk butter range from 5 cents under to 2 cents under based on the CME with various time frames and averages involved. Stocks do continue to build at the producer level. Sellers assume they are also building at the end user level. Stocks in CME approved warehouses total 57.9 million pounds on February 12. This volume is about 10 million pounds ahead of last year at this time and about 36 million pounds ahead of 1998. Butter production is very heavy with most cream clearing to churning operations. Most contacts feel that demand from ice cream companies is some ways off yet. Little feature activity is noted and Easter is very late this year.

NASS DAIRY PRODUCT PRICES
U.S. AVERAGE AND TOTAL POUNDS

<u>WEEK ENDING</u>	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
FEBRUARY 12	1.1004 5,726,839	1.0762 8,344,285	1.0098 21,851,727	0.9115 5,431,413	0.1787 5,507,227

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices range from unchanged on natural items to fractionally lower on process. The market tone remains weak, but is a little more steady than it has been. The trading level of 40# blocks at the CME has held at \$1.11 since January 21. Production levels are steady to heavier as surplus milk volumes are inching higher. Cheddar stocks are more than ample for the current, slow to fair demand. Most buyers are placing orders for immediate or replacement volumes. Given the current demand and supply situation, most buyers see little need to purchase too far in advance. Retail and food service orders are mostly steady.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.1250-1.6150
Cheddar Single Daisies	:	1.1050-1.5650
Cheddar 40# Block	:	1.2500-1.4275
Process 5# Loaf	:	1.3000-1.4500
Process 5# Sliced	:	1.3200-1.5575
Muenster	:	1.3075-1.6100
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is unsettled to weak. Cash prices at the Chicago Mercantile Exchange continue to bounce around near CCC purchase prices. Cheese offerings are increasing seasonally with current demand spotty, mostly fair at best. Buyers feel that there is limited upside price potential in the short term, so are limiting purchases. A few loads of "not quite perfect" quality natural American was reported as sold for shredding in the \$1.05 per pound area. Processing solids are ample for the often sluggish demand. Most, if not all, cheese cutters and/or processors can fill orders on straight time and a few have the opportunity for those special plant improvement projects. Swiss interest is fair, with sales at expected seasonal levels. Some plants are limiting outside milk purchases to help manage cheese inventories. Milk intakes are steady to slightly higher through much of the region.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.2600-1.4700
Brick And/Or Muenster 5#	:	1.4500-1.6700
Cheddar 40# Block	:	1.4300-2.1150
Monterey Jack 10#	:	1.6100-2.1150
Blue 5#	:	1.8050-2.0300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5000-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.1000-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	FEBRUARY 14 - 18, 2000
BARRELS*	:	\$1.0700 - 1.1000 (NOMINAL)
	:	(-\$.0050)
40# BLOCKS	:	\$1.0850 - 1.1400 (NOMINAL)
	:	(-\$.0050) (-.0025)

() Change from previous week. * If steel, barrel returned.

WEST

Process cheese prices continue to weaken based on the CME average price for barrels. Natural and Swiss cheese prices are holding steady. Buyers are less aggressive in acquiring additional volumes of cheese. Most seem to be reaching inventory targets plus they have no fear that cheese stocks and offerings will be tight going into spring. Aging programs should be in excellent shape for summer and fall needs. Swiss sales are holding up well in the new year. Mozzarella is in generally tight supply at this time. Manufacturing plants are working out spring production schedules to see if they have enough plant capacity to handle projected production. They are also estimating if they will have room to pick up some surplus milk at what they believe may be very advantageous prices.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2350-1.4950
Cheddar 40# Block	:	1.2300-1.3700
Cheddar 10# Cuts	:	1.4100-1.6300
Monterey Jack 10#	:	1.4200-1.5800
Grade A Swiss Cuts 6 - 9#	:	2.1500-2.4000

FOREIGN

Prices and the market tone are unchanged. Demand for foreign type cheeses is slow to fair and stocks range from light to adequate. Some reports note that Roquefort prices have been moving lower now that stocks are not as tight as they were late last year. According to a recent report by FAS, 1999 licensed cheese imports totaled 276.1 million pounds, 33.5 million pounds (12.1%) more than 1998.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.1400	: 1.4550-2.9500
Gorgonzola	: 3.2400-5.9400	: 2.0100-2.4900
Parmesan (Italy)	: TFEWR	: 2.8700-3.3750
Romano (Italy)	: 2.1000-2.5400	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.4700-1.7500
Romano (Cows Milk)	: -0-	: 2.6325-4.8200
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.3100	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
02/14/00	14,772	: 116,286
02/01/00	14,512	: 116,262
CHANGE	260	: 24
% CHANGE	2	: 0

FLUID MILK AND CREAM

E A S T

Milk production is still increasing at a good pace in the Deep South and steady to slightly higher in most other sections of the region. Along the Gulf Coast, very warm weather has spurred grass/pasture growth and milk output is jumping. This week's storm that caused so much destruction in Georgia was reported to have little impact on milk output and transportation schedules. Florida's milk production is increasing at a more gradual rate and milk supplies are long for current needs. This week, about 50 loads of Florida milk were scheduled to be shipped out of state for manufacturing. In the Middle Atlantic area, milk supplies are more than ample and surplus milk volumes are heavy. In New England and New York, milk supplies are long and manufacturing plants are operating at or near capacity. Bottled milk sales are often reported as steady. This follows several weeks of improved, but storm induced sales. The condensed skim market is unchanged. Prices are steady and demand is slow to fair. Best interest is for Class III wet solids. Class II sales are slower as users turn to NDM as a less costly source of solids. The fluid cream market remains sluggish. Demand is slow and cream supplies are approaching burdensome proportions. One contact noted that this week's markets can best be summed up as lacking enthusiasm. This week, a lot of excess cream is moving to Midwestern butter makers. Spot prices are often lower as both multiples and last week's CME average are lower. Some cream users have enough cream under contract and are not making any spot purchases. Ice cream production is slowly increasing. Some contacts hypothesize that with cream prices as low as they are, ice cream makers will soon build inventories for warm weather needs. Others, however, point out that ice cream manufacturers may delay building stocks because butter prices are expected to be below year earlier levels and availability doesn't seem to be a problem. Rising freight costs continue to be a factor in sales and purchasing strategies. Churning activity is heavy.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.0498-1.1765
DELIVERED EQUIVALENT ATLANTA	-	1.0408-1.1675 M 1.0860-1.1403
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.1765-1.1946

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9900-1.1500
NORTHEAST- CLASS III - SPOT PRICES	- .9000-1.0000

M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
FEBRUARY 11 - 17, 2000	0
PREVIOUS WEEK	14
COMPARABLE WEEK IN 1999	0

Overall Class I demand is seasonally about steady with recent weeks. Some bottlers are anticipating that the approaching winter storm with heavy snowfall and accompanying high wind on Thursday (2/17) may stimulate retail sales in parts of the region for a day or two. Also, 12 loads were reported as sent from Wisconsin to Missouri and are no longer being counted as a spot shipment as milk from the region and further south gets diverted to manufacturing plants. Manufacturing plant operating schedules are increasing, as some plants adjust to

handle current milk supplies. Most manufacturing plants in the region are operating on longer schedules than a year ago. Spot manufacturing milk sales are down and on the very few prices reported were steady to down slightly. Cream prices are lower, reflecting declines in the cash butter price at the Chicago Mercantile Exchange. Cream going for churning is priced well below the reported range. Milk intakes continue to trend slightly higher seasonally. Cheese yields are at generally good levels for February for most plants. Estimated January milk production in selected upper Midwestern states compared to January 1999 are as follows: Wisconsin, 1.942 billion pounds, up 6 million pounds (0.3%); Minnesota, 829 million pounds, up 9 million pounds (1.1%); Michigan, 478 million pounds, up 36 million pounds (8.1%); and Iowa, 334 million pounds, up 1 million pounds (0.3%).

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	FEB 10 - 16	PREVIOUS YEAR
SLAUGHTER COWS	\$ 36.00- 42.00	\$ 33.00- 37.50
REPLACEMENT HEIFER CALVES	\$235.00-300.00	\$175.00-230.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	FEB 10 - 16	PREVIOUS YEAR
SLAUGHTER COWS	\$ 32.00- 44.00	\$ 30.00- 41.00

W E S T

U.S. milk production in the 20 states surveyed totaled 12.2 billion pounds in January, 4.7% higher than January 1999. Production levels were higher in 18 of the 20 states. December 1999 production was revised higher to 4.0% above 1998 levels. Cow numbers in January were 7.763 million head, up 69,000 (+0.9%) from a year ago. Milk per cow was 3.8% higher. January output in the five Western states surveyed compared to 1999 is: Arizona, +9.1%; California, +11.0%; Idaho, +14.5%; New Mexico, +10.2%; and Washington, +1.7%. Milk cow numbers were 96,000 head (+4.1%) higher in these five states versus a year earlier. Milk production levels remain strong in the Southwest. Rains in milk producing areas of California have not yet affected milk production to any measurable extent, but may have limited current growth. The leveling of milk supplies is being welcomed by handlers. Milk is moving around and into the region for processing. Plants are generally running at high levels to process the milk. Production levels remain strong in Arizona and New Mexico. Weather patterns continue to be good for cow comfort and milk production increases. Feed supplies and prices are favorable for milk producers. Western cream supplies are rated as heavy and multiples are lower for offerings. The oscillating butter prices are affecting cream prices, but demand for cream from butter producers remains steady. Milk production levels in the Pacific Northwest remain seasonally heavy. Conditions are excellent for strong milk output. Temperatures are moderate and less moisture was recorded this week. Pastures are beginning to show some good growth, but they remain too wet to start grazing. Some very good quality hay continues to come into the market. This hay is further stimulating already strong milk output. Feed supplies are adequate. Some producers are contracting fall 2000 feed needs at this time. Heavy rains in valleys and accumulating snow pack up at elevation were common occurrences this past week in Idaho and Utah. Even well managed feed lots are not in very good shape at this time. Mud is becoming more of a problem and this is leading to herd health concerns. SCC are on the increase at some locations. Hay movement is relatively quiet in the region. Many growers are thankful for the moisture that is actually soaking into the fields for the most part.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 02/17/00 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged to lower on a weak market. Movement into government programs continues to alleviate some of the excess supplies available. Some producers are anticipating lags in NDM movement with DEIP allocations nearly filled. Production is strong and inventories are building. Buyers are purchasing on an as need basis with most spot shipments moving into blending operations and brokerage firms. Product is clearing best on regular commitments. High heat and grade A sales are fair. Off grade product is available for the limited interest. The market is anticipated to remain lackluster as producers try to book product for the months ahead.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: .9900 - 1.0150 MOSTLY: 1.0000 - 1.0100

DRY BUTTERMILK - CENTRAL

Prices are unchanged on a steady to weak market. Most product is clearing in the 63-68 cent range. Demand is slow with resellers and blending operations showing the best interest. Plenty of off grade, aged, and buttermilk product are available at good discounts. Production is steady. Producers continue to clear as much condensed as possible to prevent additional drying costs. Inventories are in balance to instances long. Condensed product is available for the light to fair demand. Ice cream interest is generally steady.

BUTTERMILK: .6300 - .7700

DRY WHEY - CENTRAL

Prices remain mixed on a steady to weak market. Bulk shipments moving into export markets alleviated some of the heavy supplies and improved prices on the bottom end of the range. Most plants are in a better position, yet reports indicate that the market undertone will trend steady at best in the weeks to come. Production is generally heavy with good volumes of cheese being produced. Spot sales are best into exports, feed channels, and some candy operations for the Easter holiday season. Some contracts have been noted at prices below the average for the 2000 year. Inventories are mostly in balance with some plants sold out and others reporting a few loads to clear. Off grade product is less available which is encouraging interest in Extra Grade. Condensed supplies are more than adequate for the light to fair demand.

NONHYGROSCOPIC: .1700 - .1850 MOSTLY: .1700 - .1800

ANIMAL FEED WHEY - CENTRAL

Prices are lower on roller ground, higher on milk replacer, and unchanged on the balance of items. The market tone is steady to weak. Some buyers report that they are using less roller ground this year as Extra Grade whey has a better price advantage. Producers generally report roller ground movement as fair to good. Milk replacer supplies have tightened compared to last week. Demand is steady at best with brand specific product trading at the higher end of the range. Delactose movement is generally unchanged. Early weaned pig prices are trading higher while lean hogs, barrows, and gilts move lower. The North Central veal market is generally steady.

MILK REPLACER: .1300 - .1700
STANDARD: TFEWR
ROLLER GROUND: .1600 - .1825
DELACTOSE (Min. 20% protein): .2600 - .3150

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a steady market. Feed demand is generating most movement on the spot market. Lower whey prices are not deterring interest in lactose although any further increases in lactose or decreases in whey may alter the situation. Some production problems increased available supplies of off grade product and continue to delay regular shipments of Extra Grade. Interest in off grade remains good with supplies often difficult to find. Extra Grade export inquiries continue from Asia with most producers unable to fulfill any additional interest due to tight supplies. A weaker Euro may not impact European lactose movement given that milk supplies are tight. Most plants are operating at capacity with the higher mesh sizes clearing the best.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1800 - .2500 MOSTLY: .1950 - .2050

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are higher on a firm market. Most plants are in a better position due to good export movement and steady feed interest. Reports from New Zealand indicate that WPC may remain tight until the flush next fall. Decreases in high protein imports continue to encourage buyers to search for alternative domestic supplies. WPC remains a valued protein substitute for higher priced NDM. Movement into nutraceuticals and Class II items is considered good. Most plants are in balance to sold out with some firms contracted until March. Some buyers remain hesitant to buy as forecasts of heavy milk production infer ample supplies of cheese and cheese by-products. Condensed movement is mixed with buyers reporting supplies as plentiful and sellers stating that the market is tight. Condensed is being traded 3-6.5 cents under the average.

EXTRA GRADE 34% PROTEIN: .4300 - .5100 MOSTLY: .4500 - .4600

NONFAT DRY MILK - WEST

Low/medium heat prices are mostly unchanged to lower on the bottom end of the range. Most producers have pricing levels set for the near future based around the support price of \$1.01. Sales of Western powder to other regions have mostly diminished to contract sales as pricing levels are similar in all regions. Shipping costs are increasing because of higher fuel costs. When local powder is available at the same price before shipping, buyers are purchasing locally. The use of the support program to balance stocks continues at a brisk pace. High heat prices remain unchanged. Production remains limited as producers are not making much high heat in the face of burgeoning milk supplies. Demand is light. During the week of February 7 - 11, CCC net purchases totaled 10,182,311 pounds of NDM from Western and Midwestern sources.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9850 - 1.0200 MOSTLY: 1.0000 - 1.0100
HIGH HEAT: 1.0200 - 1.0400

DRY BUTTERMILK - WEST

Buttermilk powder prices continue to trend lower, but the mostly range has begun to moderate. Export interest has developed at the lower prices and several producers took advantage of the sales to clear older and current product. There remains an ample supply of product to fill the current weak domestic demand. Domestic interest is still fair for condensed buttermilk with pricing being discounted to move condensed to prevent drying. Drying time is an issue as NDM is the first need and buttermilk is secondary. Buttermilk stocks remain in excess of current needs.

BUTTERMILK: .5500 - .6300 MOSTLY: .6000 - .6100

DRY WHEY - WEST

Western whey prices range from steady to weaker. The market tone remains weak. Sellers are finding it harder to clear offerings in as timely a fashion as they desire. Stocks are building at an increasing rate. Export movement is steady with the past few weeks, but the market is waiting for the Chinese New Year festivities to end so that sales activity can recover. Contacts are also waiting for the announcement of the next Japanese tender and how that may affect the market. They are curious where this powder may be sourced. Production continues at heavy levels.

NONHYGROSCOPIC: .1600 - .1975 MOSTLY: .1700 - .1825

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
February 11	\$1.0083	13,744,255
February 4	\$1.0085	11,932,909

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are steady to slightly higher on low heat. The market tone is unchanged. The price increase was a result of producers clearing desired volumes and now have inventories in balance. Contacts report that there is little spot interest in NDM. Buyers are purchasing on an as needed basis. One contact noted that spot domestic demand is slow and if it wasn't for DEIP contracts, more producers would have supply problems. Production levels are steady to heavier as surplus milk volumes are growing in more areas. DEIP sales have been quite active during the past several weeks.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0000 - 1.0300 MOSTLY: 1.0000 - 1.0100
HIGH HEAT: 1.0400 - 1.0950 MOSTLY: 1.0400 - 1.0600

DELVD SOUTHEAST:

ALL HEATS: 1.0300 - 1.1150

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower. The market tone is still weak, but some signs of improvement have been noted. Producers report getting a few more calls inquiring about availability. They note that quite a bit of Western powder was cleared and buyers/speculators are starting to look to other areas for some of their needs. Production levels are still quite heavy. Churning activity is heavy and excess cream offerings to butter makers are very heavy. Buttermilk stocks are growing at some plants. Producers are offering multi-load deals to keep inventories from growing too fast. Demand is fair, but Eastern prices are still quite high when compared to other regions of the country.

F.O.B. NORTHEAST: .7000 - .7550

DELVD SOUTHEAST: .6800 - .7650

DRY WHOLE MILK - NATIONAL

The price range is unchanged, but movement higher and lower within the range was noted. The market tone is a little firmer. Domestic demand is fair, but export interest has been good. The DEIP program allocation of 9,677 MT has been filled. Production levels are steady, but with exports starting, output should be increasing to meet shipping schedules. Plant stocks are a little heavier, but still balanced with needs. Some animal feed makers have reported being offered dry whole milk with some age on it below the bottom of the current range.

F.O.B. PRODUCING PLANT: 1.0700 - 1.2500

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1999 THROUGH FEBRUARY 11, 2000
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	85,051	MT (187,503,435 LBS)
CHANGE	--	1,740	MT (3,836,004 LBS)
WHOLE MILK POWDER	--	9,677	MT (21,333,914 LBS)
CHANGE	--	1,419	MT (3,128,327 LBS)
CHEESE	--	1,415	MT (3,119,509 LBS)
CHANGE	--	41	MT (90,389 LBS)
BUTTERFAT	--	4,628	MT (9,541,509 LBS)
CHANGE	--	502	MT (1,146,392 LBS)

Allocations for the DEIP year beginning July 1, 1999, are: Nonfat dry milk - 76,207 MT; Whole Milk Powder - 2,518 MT; Cheese - 3,190 MT; Butterfat - 25,475 MT.

These DEIP allocations are in addition to balances still available from quantities announced on May 13, 1999; 25,177 MT of Nonfat Dry Milk (to be filled in roughly equal quarterly amounts during the GATT-year beginning July 1, 1999), 7,500 MT of dry whole milk, and 1,270 MT of cheese.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are steady to slightly lower. The market tone is steady. Production levels, paralleling cheese output, are heavy. Eastern producers report a balanced supply situation. Demand is fair and often for replacement volumes. Buyers see little reason to purchase too far ahead and are buying only as needed. Export sales are also just fair. Suppliers note that demand for short term needs is decent, but long term orders are slow to develop. The Eastern dry whey market seems a bit firmer than other regions as local suppliers seem less willing to discount prices at this time. However, they are also not able to get premiums on any spot sale.

F.O.B. NORTHEAST: EXTRA GRADE .1725 - .1800

USPH GRADE A .1850 - .2000

DELVD SOUTHEAST: .1950 - .2200

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report and the market tone is weak. Offerings are in better balance as some suppliers have recently cleared their inventories of "off grade" product. Spot demand by animal feed makers remains slow to fair.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production is steady, but milk supplies available to manufacturers are heavy. Demand for evaporated milk is generally fair. Producers' stocks are fully adequate. The Kansas City Commodity office announced the issuance of EVD-1, invitations 630, 631, and 632 inviting competitive offers to sell to CCC 1,468,800, 1,064,880, and 1,101,600 pounds of evaporated milk for delivery in April, May, and June 2000, respectively.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$21.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Acid and rennet casein markets are firm. Stocks of both are quite limited and, in instances, shipments of contracted volumes are slow in arriving. Domestic buyers indicate that they anticipate prices to remain firm during the upcoming months. Buyers question stock availability during the upcoming months. They are aware of limited Oceania stocks and hope that the new production season in Europe will ease the tight supply situation. Some domestic buyers are having to look beyond regular sources for needed supplies.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 1.8000 - 2.1000
ACID: 1.8500 - 2.1000

DEIP Data for July 1 - February 11, 2000 in Metric Tons (MT)

	NDM	Whole Milk	Cheese	Butterfat
Announced				
Total	93,107*	9,677#	4,327#	25,475
Awarded				
Total	85,051*	9,677	1,415	4,628
Percent				
Remaining	8.7%	0.0%	67.3%	81.8%

*The pre-allocated total for July 1 - March 31, 2000 was 18,900 MT. This amount is included in the announced total. Of this amount, 18,436 MT was awarded. An additional 6,300 MT of pre-allocated NDM will be made available in the April-June quarter of the program year.

#Whole milk powder pre-allocated was 7,500 MT. This amount is included in the announced total. Cheese pre-allocated was 1,270 MT. This amount is included in the announced total.

NEW YORK BOARD OF TRADE AND CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	02/02	02/03	02/04	02/07	02/08	02/09	02/10	02/11	02/14	02/15
NYBOT - MILK INDEX -- Dollars per cwt.										
JAN 00	10.05 (69) 0	10.10 (69) 0								
FEB 00	10.10 (47) 0	10.10 (47) 0	9.95 (47) 0	9.90 (47) 0	9.73 (47) 0	9.75 (47) 1	9.75 (47) 0	9.70 (47) 0	9.70 (47) 0	9.70 (47) 0
MAR 00	10.30 (50) 0	10.30 (50) 0	10.18 (50) 0	10.15 (50) 0	10.13 (50) 0	10.00 (50) 1	10.00 (50) 0	9.90 (50) 1	9.90 (50) 0	9.90 (50) 0
APR 00	10.40 (49) 0	10.40 (50) 1	10.25 (50) 0	10.25 (50) 0	10.25 (49) 1	10.10 (49) 0	10.00 (49) 0	10.00 (50) 1	10.00 (50) 0	9.95 (50) 0
MAY 00	11.00 (39) 0	11.03 (40) 1	10.90 (40) 0	10.90 (40) 0	10.70 (40) 0	10.70 (41) 2	10.50 (42) 1	10.43 (42) 0	10.33 (43) 1	10.25 (44) 1
JUN 00	11.50 (40) 0	11.55 (41) 1	11.55 (41) 0	11.55 (42) 4	11.55 (43) 1	11.55 (43) 0	11.55 (43) 0	11.50 (44) 1	11.35 (46) 2	11.15 (47) 1
JUL 00	12.40 (35) 0	12.43 (35) 0	12.40 (36) 1	12.37 (37) 1	12.33 (37) 0	12.35 (36) 1	12.28 (36) 0	12.23 (36) 0	12.17 (36) 0	12.08 (37) 1
AUG 00	12.65 (22) 0	12.63 (22) 0	12.63 (22) 0	12.63 (22) 0	12.63 (22) 0	12.63 (21) 1	12.63 (21) 0	12.60 (22) 1	12.60 (24) 2	12.35 (25) 1
SEP 00	12.80 (28) 0	12.78 (28) 0	12.83 (28) 0	12.85 (29) 1	12.88 (30) 1	12.88 (30) 0	12.80 (30) 0	12.80 (30) 0	12.75 (30) 0	12.65 (31) 1
OCT 00	12.73 (11) 0	12.73 (12) 1	12.73 (12) 0	12.73 (13) 1	12.73 (13) 0	12.75 (13) 1	12.75 (13) 0	12.75 (13) 0	12.73 (13) 0	12.65 (14) 1
NOV 00	12.25 (5) 0	12.22 (5) 0	12.25 (5) 0	12.25 (5) 0	12.30 (5) 0	12.30 (5) 0	12.25 (5) 0	12.33 (5) 0	12.27 (5) 0	12.28 (6) 1
DEC 00	12.00 (0) 0	12.00 (0) 0	12.00 (0) 0	12.00 (0) 0	12.00 (0) 0	12.00 (1) 1	12.00 (1) 0	12.00 (1) 0	12.00 (1) 0	11.95 (1) 1

CME - BUTTER -- Cents per pound

FEB 00	98.50 (221) 4	97.50 (220) 6	95.00 (218) 4	93.00 (216) 4	92.95 (180) 0	91.00 (180) 0	90.00 (170) 32	89.00 (152) 8	88.025 (145) 9	88.50 (120) 16
MAR 00	100.00 (197) 6	99.50 (197) 2	94.50 (195) 6	93.25 (193) 8	93.025 (191) 4	91.00 (191) 7	92.00 (189) 6	90.00 (189) 2	89.25 (188) 3	89.75 (187) 1
MAY 00	102.25 (118) 2	102.50 (116) 3	100.50 (117) 3	98.00 (117) 3	97.00 (119) 2	96.00 (121) 2	95.25 (119) 6	95.25 (119) 0	92.30 (123) 6	92.50 (123) 0
JUL 00	106.95 (326) 6	107.00 (330) 5	105.00 (336) 12	101.025 (353) 18	101.025 (353) 0	99.00 (361) 8	98.25 (361) 24	97.50 (363) 8	96.00 (364) 6	96.25 (367) 13
SEP 00	110.00 (392) 16	110.00 (394) 3	108.00 (401) 8	104.025 (415) 15	104.00 (415) 1	102.50 (426) 24	101.25 (425) 21	100.50 (429) 4	99.25 (431) 4	99.50 (435) 15
OCT 00	111.475 (187) 10	112.00 (189) 2	109.00 (195) 8	105.00 (200) 7	105.00 (201) 1	103.50 (207) 9	102.50 (213) 11	102.00 (217) 4	101.00 (218) 5	101.00 (218) 7

CME - MILK FUTURES -- Dollars per cwt.

JAN 00	10.09 (729) 2	10.07								
FEB 00	10.06 (813) 34	10.01 (822) 44	9.65 (854) 112	9.75 (875) 22	9.70 (880) 11	9.70 (901) 35	9.68 (907) 21	9.60 (916) 200	9.61 (916) 5	9.61 (926) 10
MAR 00	10.24 (656) 16	10.24 (683) 43	10.05 (696) 46	10.05 (697) 39	10.05 (700) 12	9.98 (704) 10	9.90 (706) 7	9.90 (703) 17	9.84 (704) 21	9.82 (705) 2
APR 00	10.52 (501) 6	10.52 (501) 0	10.27 (515) 37	10.27 (518) 8	10.25 (527) 21	10.15 (527) 7	10.09 (530) 3	10.03 (532) 19	10.00 (546) 19	9.98 (558) 15
MAY 00	11.00 (458) 1	11.05 (459) 8	10.80 (467) 27	10.80 (469) 12	10.70 (477) 11	10.58 (478) 4	10.55 (481) 4	10.42 (497) 26	10.28 (509) 24	10.29 (524) 28
JUN 00	11.58 (450) 4	11.57 (451) 2	11.55 (464) 22	11.59 (486) 27	11.55 (494) 21	11.53 (508) 18	11.50 (530) 26	11.45 (544) 29	11.26 (585) 67	11.14 (622) 87
JUL 00	12.42 (576) 14	12.44 (578) 2	12.40 (604) 45	12.43 (614) 27	12.39 (635) 33	12.35 (669) 69	12.29 (709) 79	12.29 (733) 36	12.21 (799) 94	12.05 (865) 129
AUG 00	12.73 (551) 53	12.73 (573) 38	12.70 (617) 94	12.73 (629) 21	12.71 (649) 27	12.70 (674) 40	12.68 (681) 11	12.68 (691) 14	12.60 (710) 55	12.45 (757) 98
SEP 00	12.85 (434) 3	12.85 (436) 3	12.85 (448) 29	12.90 (457) 20	12.88 (460) 9	12.84 (471) 31	12.83 (452) 24	12.81 (462) 19	12.75 (480) 57	12.62 (506) 73
OCT 00	12.82 (356) 2	12.82 (362) 6	12.85 (367) 6	12.86 (386) 32	12.87 (386) 6	12.85 (387) 3	12.83 (400) 15	12.83 (408) 15	12.82 (420) 31	12.81 (449) 43
NOV 00	12.30 (185) 3	12.32 (185) 1	12.36 (191) 11	12.35 (196) 13	12.36 (196) 15	12.35 (197) 2	12.32 (204) 7	12.35 (209) 7	12.33 (212) 4	12.34 (224) 20
DEC 00	12.03 (115) 4	12.05 (115) 1	12.04 (133) 23	12.05 (139) 11	12.09 (150) 12	12.09 (150) 0	12.10 (153) 5	12.15 (160) 10	12.11 (162) 3	12.09 (170) 14

1/ At the CSCE/NYBT Open interest for BFP -- 100,000 pounds per contract. At the CME Open interest for BFP -- 200,000 pounds per contract.

For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

NOTE: The CME started futures trading for dry whey and nonfat dry milk (NDM) on November 16, 1998. Up to this point, there have been no settling prices recorded for either product.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered February 7 - 18, 2000

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: The monetary situation remains much the same as two weeks ago, a Euro that is under the parity level and a firm U.S. dollar. Both of these factors continue to influence dairy product sales out of Europe. The supply situation within Europe continues to be reported as tight. For the most part, available stocks are fully committed and even then, supplies are lighter than demand or shipments are needing. Producers and handlers are stating that often, shipments are being delayed due to insufficient stocks. Demand for manufactured dairy products is increasing, although current stocks are very tight. Some handlers are stating that sales are being negotiated for second and even third quarter delivery. One trader reported that third quarter commitments this early are quite unusual. Milk production in some areas of Europe is starting to show slight signs of seasonal increases. Although milk production is seasonally low, producers are aware of their individual milk quota year situation, but are not overly concerned about adjustments as March 31 nears. Reports indicate that some areas of Europe are realizing a strong production season, thus adjustments will need to be made as the quota year end nears. Milk handlers state that marketings around the end of March are usually lower than the previous few weeks even though most producers have their production in check. They state that it will take some time in early April for dairy plants to once again balance milk volumes with production schedules.

BUTTER/BUTTEROIL: Butter markets are steady to weak with prices unchanged to generally lower. Stocks of butter are reported to be available for immediate shipment. For the most part, international buying interest is slow and unaggressive with most current sales centering around short term or immediate domestic needs.

82% BUTTERFAT:	1,250 - 1,400
99% BUTTERFAT:	1,500 - 1,700

SKIM MILK POWDER (SMP): The skim milk powder market remains firm at unchanged prices. Stocks of powder continue to be reported as limited and powder that is clearing the market is coming from intervention stocks and will end up in animal feed channels. Buyer interest is starting to develop for future deliveries. Traders are reporting that some deals are being made for delivery in the second quarter with reports of 3rd quarter deliveries also being negotiated. A few have stated that deliveries that far into the future are quite unusual.

1.25% BUTTERFAT:	1,470 - 1,550
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WHOLE MILK POWDER (WMP): Whole milk powder markets remain firm with stocks tight. As in other manufactured dairy product markets, some buyer interest is developing for product to be delivered in the future. Delivery times are stretching into the second quarter with reports of third quarter deliveries also occurring.

26% BUTTERFAT:	1,550 - 1,700
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SWEET WHEY POWDER: Whey markets are generally steady at unchanged prices, although the market undertone is weaker. European traders report that potential buyers continue to avoid available European stocks due to higher asking prices than customers are willing to pay. Stocks are available for immediate and near term needs.

NONHYGROSCOPIC:	490 - 575
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OVERVIEW: EASTERN EUROPE: Eastern European milk production is reported to remain at seasonally low levels, although as in Western Europe, some reports of slight increases are starting to occur. Milk output in Poland during the past production season was down when compared to the previous year with producers and handlers hoping for a more favorable season this year. Stocks of manufactured dairy products are limited in Eastern Europe. The overall lighter past production season did not provide the needed volumes of dairy products to maintain steady product sales and deliveries during the winter months. Eastern European producers and handlers are optimistic and looking forward to the upcoming production season with renewed enthusiasm.

OCEANIA

OVERVIEW: Milk production in both Australia and New Zealand continue to edge seasonally lower. For the most part, weather conditions in the Oceania region have been very favorable during the current season. Cooler and moist conditions in New Zealand have and continue to enhance strong milk output as the season winds down. In Australia, weather conditions have been mixed, but overall, have been favorable for maintaining good production growth. Milk volumes within the region have been sufficient to maintain steady dairy product production, although stocks are reported to be in close balance to short of needs. In most instances, stocks are sufficient to meet regular customer needs with minimal if any available for spot buyer interest. For the most part, stocks are in balance with current needs, although many producers and handlers would desire some additional supplies.

BUTTER: Butter markets are steady to weak. Prices are unchanged to slightly lower. Stocks of butter are reported to be the most available of any manufactured dairy products at this time. Buyer interest is slow and unaggressive and most interest is being filled with current and inventoried stocks. Most current buying interest centers around regular/ongoing customers.

82% BUTTERFAT:	1,200 - 1,230
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CHEDDAR CHEESE: Oceania cheese markets are much the same as they have been all season. For the most part, supplies of cheese have been in balance with ongoing customer needs. Prices are generally unchanged to slightly higher. Some traders report that they have heard about higher asking prices but have unconfirmed reports of sales at the higher rumored prices.

39% MAXIMUM MOISTURE:	1,700 - 1,775
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SKIM MILK POWDER (SMP): Skim milk powder markets remain firm although prices are unchanged. Oceania stocks continue to be reported as tight and basically fully committed. Most traders and handlers report that stocks are in balance for ongoing buyer needs with minimal stocks available for spot buyer interest. Although the milk production season has been strong, stock levels had to be reestablished from very low levels.

1.25% BUTTERFAT:	1,550 - 1,600
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WHOLE MILK POWDER (WMP): Whole milk powder markets are also firm with prices unchanged. Stocks of powder are limited to the point that regular/ongoing customer needs are being filled with minimal volumes left for spot buyer interest. In some areas, late season milk production is being directed toward whole milk powder, thus providing some additional fresh product for sale.

26% BUTTERFAT:	1,550 - 1,650
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Exchange rates for selected foreign currencies:	February 14, 2000
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.4444 Dutch Guilder	.5007 German Mark
.1493 French Franc	.4867 New Zealand Dollar
.1064 Mexican Peso	.6270 Australian Dollar
1.5873 British Pound	.0092 Japanese Yen
.2408 Polish Zloty	.9793 Euro

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.1064) = 9.3985$. That is 1 US Dollar equals 9.3985 Mexican Pesos.

Source: "Wall Street Journal"

MILK SUPPLY AND DEMAND ESTIMATES*

Milk production in 1999/2000 is forecast slightly higher this month due to higher milk per cow. Net CCC removals of nonfat dry milk are increased and the BFP/Class III price is lowered, reflecting weakness in product prices.

U.S. MILK SUPPLY, USE AND PRICES

Item	1997/98 1/	1998/99 Projection 1/		1999/00 Projection 1/	
		January	February	January	February
SUPPLY		BILLION POUNDS			
BEGINNING COMMERCIAL STOCKS 2/ 23/	5.9	5.8	5.8	7.5	7.5
PRODUCTION	156.5	161.2	161.2	164.9	165.4
FARM USE	1.4	1.3	1.3	1.3	1.3
MARKETINGS	155.2	159.9	159.9	163.6	164.2
IMPORTS 2/	4.0	4.8	4.8	4.2	4.1
TOTAL COMMERCIAL SUPPLY 2/	165.1	170.5	170.5	175.2	175.7
USE					
COMMERCIAL USE 2/ 3/	158.6	162.8	162.8	167.8	168.2
ENDING COMMERCIAL STOCKS 2/	5.8	7.5	7.5	6.8	6.9
CCC NET REMOVALS:					
MILKFAT BASIS 4/	0.7	0.3	0.3	0.6	0.6
SKIM SOLIDS BASIS 4/	4.5	5.4	5.4	6.5	6.7
		DOLLARS PER CWT.			
MILK PRICES 5/					
BASIC FORMULA/CLASS III PRICE 6/	13.28	14.04	14.04	10.20-10.70	10.10-10.60
ALL MILK 7/	14.60	15.37	15.37	12.20-12.70	12.20-12.70
		MILLION POUNDS			
CCC PRODUCT NET REMOVALS 4/					
BUTTER	21	1	1	15	15
CHEESE	8	6	6	6	6
NONFAT DRY MILK	368	449	449	545	560
	QUARTERLY 8/			ANNUAL 8/	
	2000 I	2001 II	2000 III	1999	2000
	BILLION POUNDS				
MILK PRODUCTION	41.8	42.8	40.4	162.7	165.5
	DOLLARS PER CWT.				
ALL MILK PRICE 5/ 7/	11.60-11.90	11.30-11.90	12.20-13.10	14.38	12.20-12.90
BASIC FORMULA/CLASS III PRICE 5/ 6/	9.65-9.95	9.70-10.30	10.75-11.65	12.43	10.55-11.25

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Basic Formula Price (BFP) through December 31, 1999; Federal milk order Class III price beginning January 1, 2000. 7/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 8/ Calendar year basis projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Authur Coffing, FAS; James Miller, ERS; and Daniel Colacicco, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-359, World Agricultural Outlook Board, USDA, February 11, 2000.

JANUARY MILK PRODUCTION

Milk production in the 20 major States during January totaled 12.2 billion pounds, 4.7 percent above production in these same States in January 1999. December revised production, at 11.9 billion pounds, was 4.0 percent above December 1998. The December revision represented an increase of 0.1 percent or 10 million pounds from last months preliminary production estimate.

Production per cow in the 20 major States averaged 1,576 pounds for January, 58 pounds above January 1999.

The number of cows on farms in the 20 major States was 7.76 million head, up 69,000 head from January 1999 and up 6,000 from December 1999.

JANUARY 2000 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	1999	2000	1999	2000	1999	2000	% CHANGE FROM 1999
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	132	137	1,925	2,020	254	277	9.1
CA	1,444	1,492	1,690	1,815	2,440	2,708	11.0
FL	158	156	1,415	1,410	224	220	-1.8
ID	304	332	1,660	1,740	505	578	14.5
IL	125	120	1,430	1,500	179	180	0.6
IN	137	139	1,360	1,425	186	198	6.5
IA	220	215	1,515	1,555	333	334	0.3
KY	135	130	1,050	1,130	142	147	3.5
MI	291	299	1,520	1,600	442	478	8.1
MN	545	540	1,505	1,535	820	829	1.1
MO	164	158	1,230	1,240	202	196	-3.0
NM	220	237	1,740	1,780	383	422	10.2
NY	702	700	1,430	1,450	1,004	1,015	1.1
OH	260	259	1,430	1,470	372	381	2.4
PA	617	617	1,475	1,520	910	938	3.1
TX	340	350	1,480	1,500	503	525	4.4
VT	162	159	1,410	1,460	228	232	1.8
VA	122	119	1,295	1,395	158	166	5.1
WA	248	246	1,845	1,895	458	466	1.7
WI	1,368	1,358	1,415	1,430	1,936	1,942	0.3
20 STATE TOTAL	7,694	7,763	1,518	1,576	11,679	12,232	4.7

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

SOURCE: "Milk Production," Da 1-1 (2-00), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

**MAILBOX MILK PRICES FOR SELECTED FEDERAL MILK ORDERS,
NOVEMBER 1999, WITH COMPARISONS**

In November 1999, mailbox milk prices reported for selected Federal milk orders averaged \$14.17 per cwt., \$.53 less than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$15.00, down \$.20; Southeast, \$17.14, up \$.02; Midwest, \$13.47, down \$.83 and West, \$13.29 down \$.63. Compared to November 1998, mailbox milk prices decreased \$3.30 per cwt. on the average. Regional changes from the previous year were: -\$1.97 in the Northeast, -\$\$.76 in the Southeast, -\$4.43 in the Midwest, and -\$3.37 in the West.

Federal milk order <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	November 1998	October 1999	November 1999
	<u>Dollars per hundredweight</u>		
New England	16.66	15.06	15.02
New York-New Jersey	17.13	15.11	14.82
Middle Atlantic	17.09	15.57	15.36
Northeast Average <u>3/</u>	16.97	15.20	15.00
Carolina	17.88	17.17	17.56
Southeast	17.26	16.15	16.20
Florida <u>4/</u>	19.18	19.29	18.72
Southeast Average <u>3/</u>	17.90	17.12	17.14
Southern Michigan	17.19	15.64	15.53
Eastern Ohio-Western Pa.	17.33	15.55	15.65
Ohio Valley	17.25	15.96	16.18
Indiana	17.22	16.29	16.27
Chicago Regional <u>5/</u>	18.21	13.58	12.43
S. Illinois-E. Missouri	16.89	16.35	16.47
Louis.-Lex.-Evans.	17.09	16.93	17.23
Upper Midwest <u>5/</u>	18.33	13.52	12.09
Nebraska-Western Iowa	17.52	13.82	13.21
Iowa	17.98	13.93	12.84
Midwest Average <u>3/</u>	17.90	14.30	13.47
Texas	17.07	15.21	14.78
Southwest Plains	16.53	14.62	14.14
Eastern Colorado	16.93	15.09	15.01
S.W. Idaho-E. Oregon	16.86	11.80	10.47
Great Basin	16.69	14.06	12.33
New Mexico-West Texas	16.28	13.87	13.60
Pacific Northwest	16.43	13.64	13.46
West Average <u>3/</u>	16.66	13.92	13.29
All-Market Average <u>3/</u>	17.47	14.70	14.17

1/ Federal milk orders for which information could be released. 2/ Net pay price received by dairy farmers marketing milk to handlers regulated under the Federal milk orders. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is reported at the market average butterfat test. 3/ Weighted average of the information for the orders listed in the region or for all selected orders combined. 4/ Weighted average of the information for the Upper Florida, Tampa Bay, and Southeastern Florida orders. 5/ May include payments for milk that, while normally associated with the market, was not pooled due to disadvantageous price relationships.

DECEMBER FLUID MILK SALES HIGHLIGHTS

During December, sales of fluid milk products in comparable Federal milk order marketing areas and California were 0.4 percent above the previous year and 1.2 percent above November 1999 on an adjusted daily average basis. Sales of whole milk products were 1.1 percent above the previous year; sales of fat-reduced milk products were 0.2 percent above the previous year. Total fluid milk sales were higher in the Southeastern and Midwest regions, and lower in the Northeast, Southwest, and Far West regions. Total fluid milk sales for 1999 were 0.7 percent higher than the previous year.

SUMMARY OF PACKAGED SALES OF WHOLE MILK PRODUCTS, FAT-REDUCED MILK PRODUCTS, AND TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDER MARKETING AREAS AND CALIFORNIA, GROUPED BY REGION, DECEMBER 1999 WITH COMPARISONS ^{1/}

Region ^{4/}	Whole Milk Products ^{2/}				Fat-reduced Milk Products ^{3/}				Total Fluid Products			
	Sales		Change from:		Sales		Change from:		Sales		Change from:	
	Dec	Year to date	Prev. year ^{5/}	Year to date ^{5/}	Dec	Year to date	Prev. year ^{5/}	Year to date ^{5/}	Dec	Year to date	Prev. year ^{5/}	Year to date ^{5/}
	Mil. lbs.		Percent		Mil. lbs.		Percent		Mil. lbs.		Percent	
Northeast	358	4,043	-0.5	-0.9	476	5,438	-0.3	0	834	9,481	-0.4	-0.4
Southeastern	361	4,132	2.8	3.3	439	5,256	-0.4	0	800	9,389	1.0	1.4
Midwest	287	3,159	5.1	2.6	950	10,823	1.5	0.3	1,237	13,982	2.2	0.8
Southwest	174	2,076	-1.5	2.4	200	2,470	-3.0	0.3	374	4,546	-2.3	1.3
Far West	350	4,046	-0.6	1.1	695	8,108	0	0.3	1,045	12,153	-0.3	0.6
All Areas Combined	1,530	17,456	1.1	1.6	2,759	32,094	0.2	0.2	4,290	49,551	0.4	0.7

^{1/} These figures are representative of the consumption of fluid milk products in comparable Federal milk order marketing areas and California, and represents approximately 89 percent of total fluid milk sales in the U.S. ^{2/} Whole milk products include plain, flavored, and miscellaneous whole milk products. ^{3/} Fat-reduced milk products include plain, solids added, flavored, and miscellaneous reduced fat, low fat, and fat-free products, and buttermilk. ^{4/} For the marketing areas included in each region, see DMN Vol. 66, report #15. Midwest excludes Nebraska-Western Iowa. Far West includes California. ^{5/} Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition.

SOURCE: Monthly summaries of *Federal Milk Order Market Statistics*, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF FEBRUARY 14 - 18, 1999			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/99	SAME PERIOD LAST YEAR	PERIOD ENDING 02/11/00	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	11,358,551	-0-	11,358,551	116,338,300	5,970,499	-0-	-0-
Fortified	235,694	-0-	235,694	5,313,347	-0-	-0-	-0-
TOTAL	11,594,245	-0-	11,594,245	121,651,647	5,970,499	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF FEBRUARY 14 - 18, 2000 =	2.6	135.0	COMPARABLE WEEK IN 1999 =	0.4	21.2
CUMULATIVE SINCE OCTOBER 1, 1999 =	26.8	1,416.0	CUMULATIVE SAME PERIOD LAST YEAR =	1.3	69.5
CUMULATIVE JANUARY 1 - FEBRUARY 18, 2000 =	15.6	822.9	COMPARABLE CALENDAR YEAR 1999 =	1.3	68.3

* Factors used for Milkfat Solids Basis: Butter times 0.2180; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF FEBRUARY 14 - 18, 2000 (POUNDS)

	BUTTER			CHEESE			NONFAT DRY MILK	
REGION	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	1,904,417	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	9,454,134	235,694
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/99 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99
MIDWEST	-0-	-0-	-0-	-0-	8,853,405	-0-	7.3	0.0
WEST	-0-	-0-	-0-	-0-	112,710,058	5,970,499	92.6	100.0
EAST	-0-	-0-	-0-	-0-	88,184	-0-	0.1	0.0
TOTAL	-0-	-0-	-0-	-0-	121,651,647	5,970,499	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 2000MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1000; 500# Barrels \$1.0700; Process American 5# \$1.1525; Process American 2# \$1.1925NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 01/29/00 & Comparable Week 1999 1/ 2/

Regions*	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL	% DAIRY OF ALL
2000-Dairy cows HD (000)	0.3	0.9	6.1	4.6	20.3	2.5	1.1	0.8	11.1	3.6	51.2	262.9
1999-Dairy cows HD (000)	0.2	1.1	7.1	5.6	21.4	2.3	2.7	0.7	9.8	3.3	54.3	262.4
2000-All cows HD (000)	0.3	1.1	8.4	11.0	29.8	13.9	15.0	5.0	12.9	7.3	104.6	536.9
1999-All cows HD (000)	0.2	1.2	9.7	16.1	30.0	15.6	16.9	4.0	11.4	7.5	112.6	573.4

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

FEDERAL MILK ORDER CLASS PRICES FOR 2000 (3.5% BF)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Class I 1/	10.90	10.71	10.84									
Class II	11.43											
Class III	10.05											
Class IV	10.73											

1/ Specific order differentials to be added to this base price are located at: www.ams.usda.gov/dairy/fmor_announce.htm